

FISCAL NOTE

SB 2021 - HB 2107

May 2, 2003

SUMMARY OF BILL: Defines "structured lease agreement" as a lease by a municipality of a qualified public use facility within a tourism development zone financed by bonds issued and outstanding for which the issuer of the bonds or lessor of the facility has entered into an interest rate swap or exchange agreement, an agreement establishing interest rate floors or ceilings or both and other interest rate hedging agreements meeting certain criteria. Authorizes a municipality to enter into such "structured lease agreements" provided the municipality complies with existing guidelines regarding such interest rate agreements treating the lease as if it were a revenue bond of the municipality. Requires notice disclosing the purpose of the structured lease agreement under certain circumstances.

ESTIMATED FISCAL IMPACT:

Decrease Local Govt. Expenditures - Exceeds \$100,000

Estimate assumes:

- a decrease in local government expenditures from interest savings on debt issued by an entity, such as an industrial development board, for improvements in a tourism development zone where a city leases the property in the zone from the entity.
- annual savings depends on the interest rate available through an interest rate agreement but is estimated to exceed \$100,000.
- the City of Chattanooga anticipates savings exceeding \$5,000,000 over the life of the debt under a structured lease agreement authorized by the provisions of the bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



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James A. Davenport, Executive Director